Laos Legislative Drafting Programme

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ON PRIORITIZING LEGISLATION FOR LAO PDR'S NEM

Two different perspectives lead to two different kinds of an approach to strengthening the legal framework to facilitate market-oriented development. The first, the one that apparently underlies the World Bank's approach, assumes that the 'invisible hand of the market' comes into being automatically, and that legislation -- like property and contract laws -- merely identify market bargainers' respective rights and duties as a guide to the courts in settling disputes between them. A government need only adopt laws incorporating "international standards."

The second focuses on the institutions -- repetitive patterns of behaviors -- that over time emerge in each country's particular circumstances to shape market relationships: farmers producing and selling crops; credit, transport and processing systems to enable farmers to obtain the necessary inputs and market their output; educational systems to enable people to acquire skills needed to increase productivity in all these areas which eventually extend to encompass industrial production in a global context.

No international standard model exists which a country may copy for these purposes. In the context of the constraints and resources inherent in every country's existing unique development conditions, this second approach calls for drafting legislation to help to structure or restructure institutions to foster appropriately changing behaviors to facilitate increasingly productive employment opportunities and improved quality of life. Depending on circumstances, these laws should:

- establish extension education to help farmers learn new farming techniques, obtain credit, buy needed farm inputs and market their surpluses;

- improve the banking system to facilitate the accumulation and reinvestment of capital;

- create an adequate education system to enable workers to use and adapt new industrial techniques;

- protect the nation's rural and urban environment as the pace of development accelerates;
*provide a well-supervised revenue and budget system to ensure adequate financial resources, efficiently utilized, to provide essential social and economic infrastructure;

*develop a social insurance system to meet the people's changing needs in a market context;